



My Report

With winter upon us and inclement weather sales have been a bit slow. Stock is now becoming more prevalent. I think that prices will become steady and we won't see a dramatic increase in prices such as we have seen for the last few years.

In some areas of the state prices have fallen by more than 20%. On the other side of Sydney and in the east there is a reluctance for buyers to pay for overpriced property. At this stage there have been no fire sales and the banks don't appear to have a great number of repossession sales. Fully renovated and immaculately presented homes are still getting top price.

TAX TIPS FOR RENTAL PROPERTIES by Bree



Advice for claiming rental deductions

There are two categories of rental property expenses **you can claim**:

- Expenses for the year you paid them, like council rates, repairs, insurance and loan interest; and
- Expenses that are deductible over a number of years, like borrowing costs, creating structural improvements and costs of depreciating assets.

You cannot claim: costs associated with acquiring or disposing of a property, but they may form part of the cost base of the property for capital gains tax purposes. Renovation costs and costs to repair damage, defects or deterioration existing on purchase cannot be claimed as an immediate deduction. These costs are capital expenditure, depending upon what is repaired or improved, and must be claimed as either decline in value deductions over the asset's effective life, or as capital works deductions over 40 years.

Common mistakes

There are some common mistakes made by both first-time and other rental owners. These include:

- Incorrectly claiming the cost of structural improvements as repairs when they are capital works deductions. Examples of this include remodeling of bathrooms and kitchens, and constructing a deck or pergola
- Overstating deduction claims for the interest on loans taken out to purchase, renovate or maintain a rental property. A loan can be taken for both income-producing and private purposes, like to buy a car or go on an overseas holiday. The interest

on the private portion of the loan is not tax deductible.

- Incorrectly claiming the full cost of an inspection visit when it is combined with a private purpose, like a holiday. Deduction claims can only be made for the portion of the travel that directly relates to the property inspection.
- Claiming deductions for rental properties not genuinely available for rent.
- Incorrectly claiming deductions for properties only available for rent part of the year. If a holiday home or unit is used by you, your friends or relatives free of charge for part of the year, you are not entitled to a deduction for costs incurred during those periods.
- Incorrectly claiming the cost of land as a capital works deduction. The cost of land forms part of the cost base when calculating capital gains tax on the sale of the property.

Help and advice

The ATO has produced a comprehensive booklet, **Rental Properties**, to help you get it right. You can get a copy by phoning 1300 720 092 or by visiting www.ato.gov.au

If you would like to talk to someone at the Tax Office about deductions for rental properties call 13 28 61

For more information you can:

Visit the Tax Office website at www.ato.gov.au/individuals

Read **Introduction to Capital Gains Tax** by visiting www.ato.gov.au/cgt

Call the Personal Tax Infoline on 13 28 61

See a registered tax professional.

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9645 2400
170 Waldron Road CHESTER HILL

www.johnbgrantrealestate.com.au

INVESTORS' NEWSLETTER

No 16 - August 2011

JUST SOLD



**48 BATT STREET
SEFTON**
SOLD
FOR \$446,500

Enjoying a popular location and being in Sefton Selective High School zone this weatherboard residence delivers plenty of potential for 1st home buyers, renovators and possible duplex developers (S.T.C.A.). Features of the home include 3 good size bedrooms, separate lounge room, additional family/rumpus room, original neat and tidy kitchen and bathroom, internal laundry and single lock up garage with room for workshop.



**45 FERRIER ROAD
BIRROING**
SOLD
FOR \$585,000

This 4-5 bedroom vinyl clad property features tiled floors throughout, good sized bedrooms with mirrored built-ins, separate lounge room, modern kitchen and full bathroom, laundry with 3rd toilet, separate one bedroom granny flat which includes combined lounge and dining room with tiled floors, open plan kitchen and modern bathroom, large entertainment area which overlooks rear yard and gardens, single lock up garage and carport



**27 WOLUMBA STREET
CHESTER HILL**
SOLD
FOR \$490,000

This well presented 4 bedroom vinyl clad family home offers separate lounge and dining room, 4 bedrooms some with built-ins, separate kitchen, modern bathroom, internal laundry with 2nd bathroom, tandem lock up garage with access to rear level backyard with garden shed. Sitting on a level 569.10 sqm of land approximately. Only a short stroll away from Chester Hill shopping centre and Chester Hill station.



**2/16 STRICKLAND STREET
BASS HILL**
SOLD
FOR \$449,000

Large quality townhouse in a small block of four. This well presented brick veneer townhouse offers large separate lounge and dining room with tiled floors, large gourmet kitchen with granite bench tops and breakfast bar, 3 double bedrooms with mirrored built-ins, en-suite to master bedroom, full bathroom, internal laundry with 3rd bathroom, ducted air conditioning throughout, alarm system, double lock up garage with internal access, large sunny courtyard with timber deck entertainment area.

JUST LEASED



**22/190 SANDAL CRES
CARRAMAR**
LEASED
for \$260 per week

2 bedroom neat and tidy top floor unit featuring updated kitchen and bathroom, tiled throughout, combined lounge/dining, carspace and close to transport and shops.



**25/33 SIR JOSEPH BANKS ST
BANKSTOWN**
LEASED
for \$340 per week

This hidden gem is a 2 bedroom first floor unit featuring built-ins to both bedrooms, separate lounge and dining, updated kitchen with stainless steel appliances, floor boards to living areas, carpet to bedrooms, good size balcony, internal laundry, carport and short walk to Bankstown Central Shopping Centre.



**22 LITHGOW AVENUE
YAGOONA**
LEASED
for \$520 per week

Beautifully presented 5 bedroom renovated home featuring floorboards throughout, built-in and en-suite to main bedroom, split system air conditioning to bedrooms 1 & 2, large lounge room, internal laundry with toilet, good size level yard with 2 garden sheds, undercover entertaining area and carport.



**91 MCCLELLAND STREET,
CHESTER HILL**
LEASED
for \$540 per week

Immaculate 6 bedroom family home featuring 6 good sized bedrooms, 4 rooms with built-ins, large kitchen, updated bathroom, tiled throughout, laundry with 2nd toilet and shower, BBQ area, in-ground swimming pool, alarm and close to schools, shops and transport.

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